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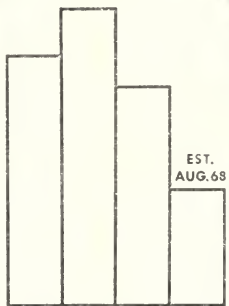
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MILLION BALES

COTTON CARRYOVER COMING DOWN

To Say the Least IT'S AN UNUSUAL YEAR FOR COTTON

There is news in every phase of the cotton economy, from the harvest of last fall to a well-pruned carryover in store for August.

The big news, of course, was the crop. With smaller plantings in 1966, and continued crop damage, an estimated 7.6 million running bales were harvested. It was less than anyone expected—the smallest cotton output since 1895.

News has also been made on the cotton markets, where, in past years, prices seemed unwilling to budge more than a cent or two. As crop prospects dimmed last fall, buyers were faced with the first really substantial reduction in cotton supplies in a half-dozen years. Prices trended upward, and gaps developed between the prices paid for short, medium, and long staples.

The biggest story may be in the smallest carryover in years. For the first August since 1953, remaining stocks will total less than 7 million bales, in contrast to nearly 17 million 2 years ago.

CARRYOVER EQUALS HALF-YEAR SUPPLY

After 5 years of big carryovers, cotton stocks have been sharply reduced.

When this unusual cotton season comes to its official end on July 31, 1968, all that will be left, according to recent estimates, will be 6.5 million bales of upland cotton plus about one-fourth million bales of American-Egyptian cotton.

At the current annual rate of cotton utilization, 13.2 million bales, the estimated carryover stocks can be said to equal a 6-month cotton supply. Upland cotton remaining as of last August, 12.2 million bales, was closer to a 1-year supply at the current rate of use. And the four preceding carryovers ranged from 11 to 16.6 million bales.

The estimated carryover of upland cotton in August will include:

3 million bales of short staples. A decrease of 2 million from the last carryover.

1.7 million bales of medium staples: compared with 4.1 million last August. And **1.7 million bales of long staples.** Contrasts with 3.1 million in 1967.

Most of the new carryover will be stocks of the Commodity Credit Corporation. With the improved cotton prices this year, CCC inventories have been sharply reduced. Inventories of upland cotton are expected to fall below 2 million bales next August, compared with 5.6 million last August and 12.1 million the year before.

7.6 MILLION BALES HARVESTED

Planting decisions, bad weather, and insect damage reduced the 1967 cotton crop nearly 2 million bales below the 1966 level.

Cotton plantings were 850 thousand acres smaller in 1967 than in 1966, due partly to a 0.3-million-acre increase in diversions under the cotton program.

Then farmers began losing fields of cotton to capricious weather, even as planting got underway. Later, there were losses when bolls failed to open, and later still there was freeze damage.

All told, 15 percent of the acreage planted failed to see a cotton picker, compared with the average abandonment of 5 percent. Acres remaining for harvest were 1.5 million fewer than in 1966, and the lowest since 1869.

Yields averaged only 452 pounds of lint per acre, the first time since 1962 that an acre of cotton yielded less than the 480 pounds of lint that goes into a bale. Thus, 8.1 million acres produced 7.6 million running bales of cotton lint, according to the December 1 estimate of the Crop Reporting Board.

PRICES RISE WELL ABOVE LOAN

A case of delayed reaction?

In 1966, after 4 years of close to 15 million bale-a-year cotton crops, output dipped more than 5 million bales. You might expect such an event to raise cotton prices sharply. But the price reaction was almost nil because of large supplies still hanging over the markets.

In 1967, another 2-million bale reduction took place. This time, however, prices at cotton markets acted up and have stayed unsettled. Here's what happened in these two years:

Prices paid to cotton farmers in 1966 clung near the average loan rate of 20

cents per pound for upland cotton. Monthly average prices never got above 22 cents.

—This season, prices have risen to well above the loan average of 20 cents per pound. The average price paid farmers for a pound of upland cotton rose from 21 cents last September (rounded to the nearest cent) to 27 cents in October and 30 cents in November. Then in December the farm price fell back to 28 cents. Even with this weakening, however, prices in these months averaged 5–8 cents above the year-earlier levels.

Prices paid for cotton in 14 central markets also rose in late 1967. However, prices for all staple lengths in these markets continued their upward trend in December, while the farm price declined. Then, in January 1968, the market prices followed suit, settling back 2–3 cents per pound for each staple.

LONG-STAPLE DEMAND HEAVY; STOCKS OF ALL STAPLES DOWN

Advancement in technology has meant that more and more American textile mills weave cotton at super speeds. This development has favored the use of long-staple fibers.

Thus, demand for cotton stapling on the long side (over 1 inch) is particularly strong, and growers have turned to producing a higher proportion of this type of cotton than ever before.

This situation has led to a widening of premiums paid for cotton stapling over an inch, with discounts on the other side. But in recent years, these premiums have amounted to no more than a few cents.

In 1964–66, for example, the spread between the season average price of $1\frac{1}{16}$ -inch cotton and of $\frac{3}{32}$ -inch increased only nominally, from 3 to 5 cents a pound. But this season, it shot up to 14 cents a pound.

The prices in question are those paid on the average in regional upland cotton markets. With the small crop this past season, speculation and uncertainty bid up the market price of all cottons, but the greatest activity has been in medium and long staples. Price averages in January continued to reflect this situation:

Short staple ($1\frac{1}{16}$ -inch). Prices aver-

aged 20 cents per pound, the same as in January 1967.

Supplies of cottons shorter than 1 inch are smaller this year due to a reduced carryover and crop, and total nearly 2 million bales below last year's record level.

Medium staples. Cotton stapling 1 inch averaged 26 cents per pound, while cotton just $\frac{1}{32}$ of an inch longer sold for 31 cents. The past two crops have produced only 1.6 and 1.2 million bales of medium-staple cotton, compared with 3–4 million bales in other recent years.

Long staples. In January, prices averaged 33 cents per pound for $1\frac{1}{16}$ -inch staples and a cent more for $1\frac{3}{32}$ -inch.

The relatively strong prices reflect prospects for a reduction in long-staple supplies.

Although the output of longer staples represented a record 60 percent of cotton production in 1967, it also was down by 800,000 bales from the previous year's crop. Moreover, the CCC practically sold out its reserves of this cotton in 1966–67. Largely as a result of these developments, total long-staple supplies for this season are 2.5 million bales less than a year earlier.

BIGGER 1968 CROP ENCOURAGED

The 1968 upland cotton program aims at increasing production to 13–13.5 million bales—about the level needed for a 1-year mill use and export supply. Allowing for an expected carryover of 6.5 million bales, such an output level would provide $1\frac{1}{2}$ years' worth of upland cotton for 1968–69.

While the national acreage allotment will still be 16 million acres, some provisions have been changed to promote more cotton production within allotment limits.

To participate in the acreage diversion program, farmers will need to divert only 5 percent of their allotment, versus 12.5 percent required last year. To minimize voluntary diversion, this practice will be rewarded less, with payments dropping from 10.78 to 6 cents per pound.

Rules for measuring acres planted in skipped rows will be those in force during 1962–65, when fallowed rows did not count as part of the allotment.

The 1968 program will also encourage the planting of more long-staple cotton varieties. These cottons already account for 60 percent of U.S. production.

Livestock Inventory Trends Maintained

This year's annual totaling of livestock on farms and ranches by the Statistical Reporting Service shows that none of the figures have headed in new directions.

Instead, trends of the past few years have mostly been enforced:

- Total cattle numbers as of January 1 held about at the plateau attained 3 years ago.

- Beef cattle edged slightly upward, as in the past few years.

- Dairy cow and sheep numbers continued sharply downward.

- The January 1 hog population increased again.

All Cattle: There was a slight increase from the previous year. But in essence, the population remained about at the level set first in 1965. Until then, cattle numbers had been gaining rather steadily for 7 years.

Jan. 1	Million head
1965 -----	*109.0
1966 -----	108.9
1967 -----	108.6
1968 -----	108.8

*Record high.

The last time a pause occurred in the upward climb in cattle numbers was

in 1955-58. In that period, however, a discernible downturn was the pattern in contrast to the static situation evident now.

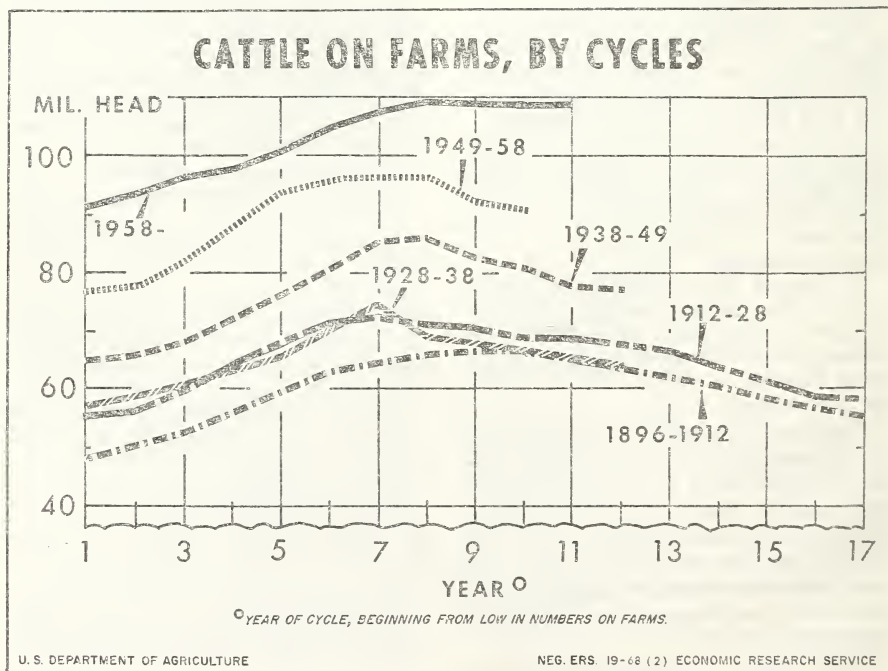
Beef Cattle: Numbers have gone up slightly, fairly steadily, for the past 5 years following sharp increases in the early 1960's.

	Million head
Jan. 1	
1960 -----	66.1
1966 -----	84.9
1967 -----	85.7
1968 -----	86.6

Cow numbers continued their slight annual rise of the past few years, gaining 2 percent this January 1, as did heifers.

Dairy Cattle: Their ranks are further depleted. Cow numbers now stand at 14.7 million. That's 4 percent below last year and the smallest count since 1888. Heifer and heifer calf numbers are off 2 percent.

The dairy cow population earlier had sustained the 15-million level only for 2 years, paused in the sixteens and seventeens only a year each, and totaled in the 18-million bracket as recently as 1963.



Sheep: U.S. totals for sheep were first recorded in 1867. They have never gone as low as they did this January 1. They numbered 22.1 million, 7 percent below last year.

Swine: They totaled 54.3 million on January 1. That's up 2 percent from the previous year. It also represents the second year of recovery from a recent low recorded in 1966, when the total amounted to 47.4 million.

Statistical Reporting Service

Poultry Count, Turkey Prospects Are Lower

The January 1 inventory of poultry on farms shows 1 percent fewer chickens and 7 percent fewer turkeys than on January 1, 1967.

The inventory of 424.6 million chickens primarily reflects numbers of birds kept for egg production, and does not include commercial broilers, which are raised and sold throughout the year.

Although the total inventory of chickens was lower this January, the number of laying-age hens and pullets was 1 percent higher. Decreases were in pullets not yet of laying age and in other chickens.

The January turkey inventory does

not include the bulk of the annual turkey crop which went to market during the past holiday season. Turkey fryers still on hand are also excluded. Included in the 7.3 million turkeys on farms January 1 are 3.4 million breeder hens from which over 100 million turkeys will be produced in 1968.

This year's inventory included a smaller percentage of breeding hens than in 1967. Heavy breed hens declined 17 percent from the 1967 inventory; light breed hens declined 20 percent.

On January 1, turkey growers reported intentions to reduce this year's crop 14 percent: 15 percent for heavy breed birds, 10 percent for light.

Based on these intentions, 1968 turkey output would total 108.5 million birds, including 93.8 million heavy birds, and 14.7 million light breeds.

Last year, the January intentions report correctly indicated an 8-percent upturn in turkey production, although there were slight changes from intentions for both light and heavy breeds.

However, growers' plans, as indicated in the January report, can change in response to a myriad of pressures such as prices for feed and replacement poult, and even the indications of the January intentions report.

Small Change In Value

The total value of livestock and poultry on farms and ranches January 1, 1968, was \$18.7 billion, a decrease of 1 percent from a year earlier.

The value of the cattle inventory was \$16.2 billion, virtually unchanged from the value for January 1, 1967. The value of hogs and pigs, at \$1.6 billion, was down 9 percent. Lower hog values per head more than offset the 2 per-

cent increase in inventory numbers. The value of all sheep, at \$425 million, was down 10 percent. The poultry inventory value included chickens at \$467 million and turkeys at \$34.1 million, compared with \$513.1 million and \$40.1 million, respectively, a year earlier.

The livestock and poultry inventory also estimates average value per head on January 1, 1968, shown below.

VALUE PER HEAD: Each year, SRS's voluntary livestock reporters estimate the market price of livestock in their locality. The dollar values shown below are national averages of these estimates on January 1.

YEAR	ALL CATTLE	MILK COWS 2 YEARS AND UP	HOGS	STOCK SHEEP	CHICKENS	TURKEYS
1967	\$149.00	\$247.00	\$33.20	\$19.70	\$1.20	\$5.13
1968	149.00	251.09	29.70	19.20	1.10	4.68

MYTH OF "OLD FARMER" UPDATED

Although people age at the same calendar speed, population statistics say the average farmer during the 1950's was older than the average worker.

Between 1950 and 1960, the age of the average American working man increased about a year (to 40.6) while the farmer aged about 4 years (to 49.2). So, does this make farming an old man's job?

In relation to the average worker, the answer has to be yes. But the farmer is self-employed. So a more logical comparison would be between farmers and other self-employed people.

During the 1950's the median age of all male workers went up because people were living longer and because a comparatively small number of young men entered the labor force due to the low birth rates of the Depression.

The ages of self-employed men, averaging older to begin with, rose faster than the rest of the labor force. For example, manufacturing executives had an age hike of 2 years, from over 46 to over 48; wholesalers' average age rose over 2 years from almost 47 to over 49. The average farm operator's age rose from over 45 to over 49.

But included in the figure for farmers are partly retired farmers, whose ages average out to over 71. Many of these older operators have continued to farm on a sharply reduced scale. For them, farming is more a way of life than a career.

Farmers over 65 constituted 11 percent of the total number of farmers in both 1959 and 1964. When the partly retired are included, the farmer's average age figure is hardly comparable with figures for the average working man. After all, retired people are not included in white and blue collar averages.

Since partly retired farmers are also most numerous in the group earning less than \$2,500 per year from farm operations, a glance at some 1964 averages puts farmers' ages in better perspective:

Value of sales	Operator age
\$40,000 and over-----	47
\$20,000 to 40,000-----	46
\$10,000 to 20,000-----	47

\$5,000 to 10,000-----	50
\$2,500 to 5,000-----	52
Under \$2,500-----	52
Part-time-----	46
Partly retired-----	71

Farmers in the \$10,000-and-up brackets are a bit younger than most U.S. self-employed workers. Farmers in these brackets account for more than four-fifths of total farm production.

An old man's occupation? Hardly. Operators in the really productive part of farming are every bit as young and lively as other entrepreneurs in our economy.

Radoje Nikolitch
Economic Research Service

BENEFITS CHANGE

On March 3, about one and a half million retired farmers found a little something extra in their mailboxes—a fatter Social Security check.

The extra cash represented the recent increase that all beneficiaries received beginning this March. All benefits went up at least 13 percent.

The cash increase was only one new feature provided for in the Social Security amendments of 1967. For example:

—Retired farm operators and others who still earn money may get a bonus of up to \$180 more a year without having their benefits withheld. (The rate for taxable year 1967 is still \$1,500; for 1968, it rises to \$1,680.)

—Medicare beneficiaries can now submit unpaid itemized bills with requests for payment. (Only their doctors used to have this privilege.)

—Wider medicare benefits extend to time in hospitals, pathologists' and radiologists' services, physical therapy, and purchase of medical equipment such as wheelchairs and hospital beds.

—Armed forces families are better covered.

—Workers disabled before age 31 need fewer credits to be covered.

For details on the changes contact your local Social Security office. Look under "Social Security Administration" in the phone book or ask at the local Post Office to get the address.

NICE WEATHER PROPELS POTATOES...

There seems to be no such thing as a so-so season for potatoes. It's all good or bad, and now is no exception. Here's how things got that way:

Weather often plays havoc with the important fall potato crop. But some extra spite seems to have been added in 1964 as the crop was racked by freezes.

The crop did poorly and markets got strong. With the crop the smallest in several years, farmers' prices were best in 40 years. And they stayed well above normal in 1965 and 1966.

Such enticement brought much more land into potato use. Growers planted 8 percent more acres in 1965 than in 1964. Then came extra gains of 5 percent in 1966 and 2 percent in 1967.

All told, fall-crop plantings last year reached 1.1 million acres, the biggest acreage in several decades and 15 percent above 1964.

With so large an acreage, something seemed sure to go wrong, given the run of good times growers had seen.

As if hewing to a script, the weather last fall followed its fickle course. It surprised everyone. It stayed nice. Some coolness slowed maturity and rain in the East seemed bad for a while, but yields matched the high mark of the previous year. And output hit a record 232 million hundredweight, 2 percent above the prior crop.

The good weather also figured in another way. It allowed the crop to stay in good shape during digging and storing. So losses from decay and shrinkage in storage have been trivial compared with the past couple of years.

A big acreage, nice weather, and ideal storage: All ganged up to yield so many good potatoes the market can't take them.

February 1 stocks in storage, according to the Statistical Reporting Service, totaled a record 112.7 million hundredweight, up 9 percent from last year.

There's a bit of price fluctuation for potatoes during even the rare calm times. With this season's heavy sack weighing on the market, prices were bound to slide. In January, grower prices averaged \$1.63 per hundred, a fourth below a year ago, and lowest for the month in 4 years.

Bleak prices may bear on the markets a few more months, but some signs point to better times.

Potato takings by primary food outlets this season seem to have slackened. Despite fairly low wholesale and retail prices, less volume is going to the fresh-market trade. The processing side is also disturbingly quiet, perhaps because processors have had to deal with large backlogs and weak prices for their own products.

USDA has been buying potatoes in some States for donations to schools and such. Funds also are being used to urge growers to switch potatoes into secondary outlets like starch and live-stock feed.

Some improvement may be indicated in the producers' intentions reports to SRS. Sizable cuts in acreage are planned in spring crop areas this year.

Although average yields on the planned acres would bring in a slightly larger early-spring tonnage than last year, late-spring output would be relatively small.

Early-summer plantings, nevertheless, may be up slightly, according to prospective plantings reports.

Donald Kuryloski
Economic Research Service

WHILE DULL DAYS HAMPER HONEY CROP

Last spring's cool weather hampered honey production, reducing the 1967 honey crop. Poor weather for beekeeping operations continued into the summer in many places. Swarming was excessive, there were losses from insecticides, and there was some early cutting off of alfalfa and clover.

The crop, at 223.4 million pounds, was 10 percent below 1966 and the least

since 1956.

Each colony yielded 46.3 pounds on the average, compared with 51.9 pounds in 1966 and the average of 52.0 pounds in recent years. The estimates are based on a 1967 population of 4,825,000 colonies, 1 percent more than in 1966.

Beeswax output also was down in 1967 to 4.5 million pounds—4 percent below the 1966 output.

U.S. FAIR GOES JAPANESE

COMMODITIES, RURAL LIFE FEATURED

For sales promoters of U.S. farm goods abroad, it's April in Par—er—Japan.

The American farmer's best customer is Japan, and it will be the scene of an official display of U.S. farm wares during April. On Tokyo's Harumi Pier, "American Festival" will underline the stability of U.S. agriculture as a ready source of economical food, feed, and fiber.

The festival will feature exhibits and samples of U.S. farm products ready for the consumer: Food products in an American-style self-service store stocked with hundreds of items. Also on the agenda are fashion shows featuring latest U.S. styles in cotton, leather and even paper.

Hundreds of thousands of Japanese consumers are expected to attend the festival. They will see some dramatic exhibits in photo, slides and movies of rural America. They will see how U.S. farmers and others of rural America supply products to the Japanese people, half a world away.

Better diets and better health will be the underlying themes for the commodity exhibits.

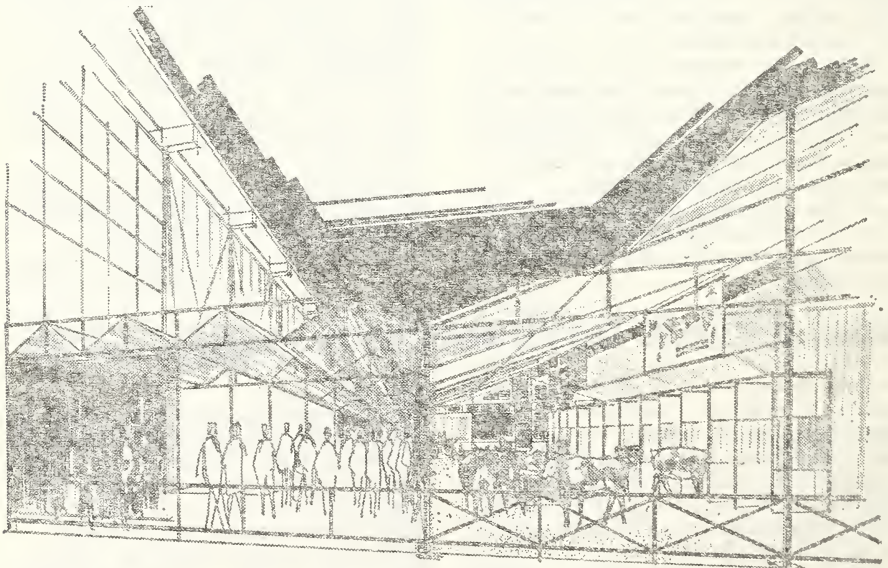
Japanese guests will be offered samples of American-style sandwiches as a convenient, tasty way to add wheat to family diets. Free samples of salads made with oil dressings, and toast spread with margarine, will show them how soybeans are used as a source of oil and protein—both relatively low in Japanese diets.

The role of feedgrains in providing beef, milk, poultry, and eggs will be the focus of the commodity booths. Poultry and meat booths will offer samples of U.S. turkey, chicken, and beef meals.

Last year Japan bought close to a billion dollars worth of U.S. agricultural products—nearly twice as much as Britain or West Germany, and even more than Canada bought of American farm products.

The biggest cash customer for U.S. agriculture, Japan promises to stay that way.

Back of its strong purchasing power are the rising consumer incomes which have increased 60 percent in a decade. And Japanese incomes are still growing. The Japanese Government expects



SHED AT HARUMI PIER, WHERE VISITORS WILL SEE OUR LIVESTOCK.

incomes to continue to rise along with demand for meat, milk, eggs and other foods.

By 1976, according to Japanese estimates, demand for meat will rise some 250 percent and the demand for milk and eggs will nearly double. The market for feedgrains will expand accordingly. The demand for soybeans, fruits, and vegetables also will double by 1976, and wheat demand will go up 50 percent.

Japanese farms, the most intensely cultivated in the world, are near their limit for output. The level of Japan's food output simply will not meet the increasing demand.

Japan, therefore, is our brightest export opportunity. The American Festival in Tokyo this spring—biggest show of its kind—will attempt to make the most of it.

MEAT IMPORTS WELL BELOW QUOTA IN 1967

U.S. meat imports subject to quota restrictions totaled 894.9 million pounds during 1967, up 9 percent from a year earlier. But, that total is well below the 995 million pounds that would have evoked Presidential action under the meat import law. It is also within 1 percent of the 900 million pounds USDA had forecast would be imported back in March 1967.

This year, USDA is forecasting meat imports under the meat import law will total 900 million pounds.

Imports of beef and veal last year, at 979.1 million pounds, were up 10 percent from a year earlier; imports of all red meat, at 1.26 billion pounds, were up 7 percent. The meat import law restricts imports of fresh, chilled and frozen beef, veal, mutton and goat meat, but does not restrict imports of pork, or of canned meats.

USDA Will Study Farming by Corporations

Secretary Freeman has expressed "deep concern" over increased movement by large, diversified nonfarm corporations into agriculture, and has ordered new studies.

"Earlier USDA special studies of vertical integration in the broiler industry have shown some of the extent of movement by nonfarm interests into agriculture. Continuing studies by the Economic Research Service of the dynamics of farm size show the dimensions of this problem," the Secretary said.

"We also know that off-farm corporations have been acquiring large tracts of cropland in the Midwest and elsewhere. However, we do not now have the precise information needed to determine the extent of large-scale corporate activity in farming. This is the reason for the special ERS study on corporate farming," he said.

Freeman stressed that the Department does not oppose incorporation of farms per se. "On the contrary, incorporation has definite advantages for some family farms, particularly in reducing liabilities and in the transfer of the farm from father to son. The Department has provided information to farmers on incorporation of their family operations for many years."

Some recent findings on corporate agriculture that will be probed more deeply in the new study are these:

- Internal Revenue Service data show that the number of farm corporations increased from 6,600 in 1953 to 17,590 in 1964. Their agricultural business receipts rose from \$16 billion to \$4.3 billion over the same period.

But these figures apply only to corporations that report agriculture as their "principal" activity. They don't include large, diversified corporations such as those now reported to be moving heavily into farming.

- 1965 IRS figures show that 221 individuals with annual incomes over \$500,000 had farm operations. Some 2 out of 10 of these individuals claimed losses from farming.

What Will They Do When You Quit? Up Their Output

As some dairy farmers drop out of business, those remaining are increasing their production to take up the slack.

The evidence is in the data on sales of milk to plants covered by Federal and State market orders. A tally of dairy farmers who sold milk to plants in 66 of the Federal and 8 of the State market order areas in 1966 and 1967 shows that:

- The number of producers dropped 5 percent to about 130,000.

- The average daily delivery from each producer, however, rose 7 percent to 1,063 pounds.

- The average volume of milk delivered daily to the 74 areas was thus unchanged, despite fewer producers.

The 66 Federal order areas did not include several which were created or enlarged in the 2-year period.

And order areas mainly blanket the metropolitan regions; they don't cover the whole country or include all milk producers. The 1964 U.S. Census reported a total of 545,000 farms which sold whole milk. Only 130,000 were operating in the market order areas last year.

Statistical Reporting Service

The Producer's Share Of the Produce Market

If things were the same everywhere in the Nation's poultry and egg markets, the system would have revealed fairly consistent price spreads for 1961-66.

But it didn't.

The 12 cities included in a continuing study of poultry prices and margins had markedly different price spreads for different sizes of eggs and turkeys and for frying chickens. The differences can be traced to variations in retail store pricing practices, directness of marketing channels and distance from source of supply.

Among poultry products, the biggest share of the retail price went to producers of large, grade A eggs. It was 58 percent in 1961-66. Turkey producers

got about the same portion of the retail price at 57 percent. The broiler producer averaged half the retail price during the study period.

Los Angeles and San Francisco boasted the lowest-cost market systems for eggs, with farm-to-retail price spreads on large eggs running lower than for any of the other 10 cities.

In part because of the need to gather eggs from distant producers, farm-to-retail price spreads for eggs were highest in Washington, D.C., New York, Boston and Cleveland.

For broilers, the cities nearest the big production areas generally had the lowest farm-to-retail spreads. Thus Atlanta, Washington, D.C., and Cleveland—where the retail spreads were no higher than average—were the leaders in low marketing costs. Seattle and San Francisco, on the other hand, with high retail store margins, had the widest overall farm-to-retail spreads of the 12 cities.

Marketing costs for turkeys, unlike the other poultry categories, behaved in much the same manner in all areas, with fairly uniform price spreads in all 12 cities.

What's Easier to Fret Over Than Bring About? Change

How well do farmers adjust to price changes?

Pretty well, according to a study of 21 farms in west central Ohio. But not, the study goes on to point out, as well as they could have.

The farms typically were about 320 acres in size. And the operators did adjust to price changes, but it took them about a year to do it. Apparently, they were waiting for a trend in prices to become fairly well established.

The study included such responses as changing the number of acres devoted to a crop, increasing the size of herds or hiring another hand, and making major improvements on the land or to the farm buildings.

Dairy farmers in the study were most apt to make adjustments in their operations. Hog farmers turned out to be the least likely to change, at least in the years covered by the study—1957-59.



Based on Information Available March 1, 1968

POULTRY MARKET PERKY

Supplies of turkey, eggs, and red meat in the last half of 1968 are expected to be smaller in relation to year-earlier levels than in this half. Broiler production may be slightly larger than last year in the summer season, and near 1967 levels during the fall.

The market for all meat and poultry products is enlarging this year, as population, employment, and consumer income increase. So for the last half of this year, stronger prices are likely for eggs, turkey, and broilers.

RECORD WHEAT INCOME

Gross income to farmers from wheat in 1967-68 is likely to total nearly \$2.9 billion, including marketing certificate payments. That would be around \$85 million more than last season's record.

For the year ending in June, the average price received by farmers is likely to be around 15 cents per bushel above the \$1.25 loan rate. So far this crop year, tight holding of wheat by farmers and heavy use of the price support loan program have kept prices above loan levels.

WOOL OUTLOOK

World and U.S. shorn wool prices declined during late 1966 and most of 1967. But prices have remained stable since last December, and may begin to recover in 1968. World prices are expected to strengthen and U.S. mill of wool to increase, while domestic production of wool will decline again this year. Continuing intense competition from man-made fibers, however, will limit price improvements.

SOUTHERN SAWTIMBER SLICE IS SOARING

A very recent growth spurt by Southern wood industries calls for a second look at the regional supply of sawtimber.

In 1962, a comprehensive survey of the South's timberlands showed that forest growth exceeded the volume of timber cut by a considerable margin—60 percent for hardwoods and 200 percent for softwoods.

But in just a half-dozen years, the margin seems to have narrowed. Evidence comes from the fast pace of wood industry development and from surveys of forests in several States.

National demand for wood keeps climbing as construction, paper packaging, and printing expand. Consider what this has meant to southern wood industries since the 1962 survey.

● Southern pulp plant capacity has increased over one-fourth in the past 5 years. With another 12-percent expansion already under construction, pulp makers have \$2 billion earmarked for plant improvements in the next few years.

● After 5 years of existence, the Southern pine plywood industry has grown from 1 plant to 34. In 1966, production—1.3 billion square feet ($\frac{3}{8}$ "

basis)—equaled one-tenth of U.S. plywood production. That capacity has doubled to 2.6 billion square feet, due to expanded facilities completed in the past year.

● Southern lumber production has recovered from a 1961 low of 9.1 billion board feet. Output reached 10.7 billion board feet in 1966. The South also accounts for a major part of pole and piling production.

Three recent surveys, although limited in scope, hint at the effects of this booming industrial progress on forest reserves.

In Virginia, hardwood inventories are expanding but softwood inventories have changed little in the past 10 years. Softwood growth now exceeds the cut by only 5 percent.

In North Carolina and East Texas, the rates of softwood growth are one-fourth and one-half greater than the harvest.

On the other hand, the hardwood growth margin is only 5 percent in North Carolina. In Texas, hardwood trees are being cut faster than forests can regrow them.

Forest Service

CELERY REPORT A TIMELY TOOL FOR GROWERS

The celery acreage report that SRS issues the first week of each month was conceived after vegetable growers asked for more timely data on plantings and on rates of harvest. The report began in November 1960.

Earlier, some trade groups issued limited reports periodically. And in the late 1950's SRS attempted monthly reports based on limited information. However, without the depth of data needed, seeding information and other details were incomplete or missing.

The current monthly series provides information needed for crop planning and improved management. One of the more useful inclusions has been data on celery left for cutting.

This information is helpful to the many growers who alternate celery acreage with other crops. For example, the information can help them gauge when to prepare for the next crops, weeks in advance.

The report originally included acre-

age information for California, the leading producer of celery, and for Arizona and Florida, the other important producers when the report began.

However, with the shift away from celery growing in Arizona, the series excluded data from that State beginning in 1967.

In California, where celery is a year-round crop, growers use both seeding and transplanting methods to produce the crops.

Most of the Florida crop is grown from transplants.

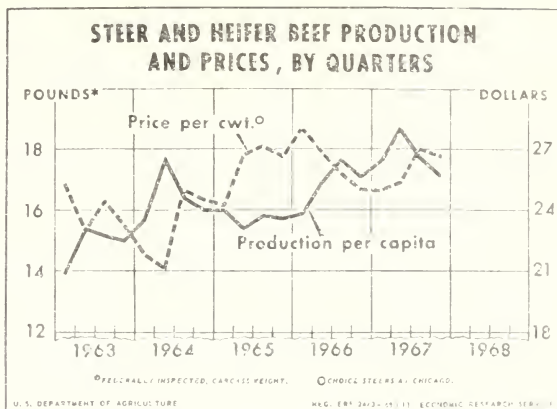
Winter-crop output of celery, estimated at 5.2 million hundredweight, is 9 percent below the burdensome volume produced last year. Florida's tonnage is down more than a tenth, with acreage reduced moderately and early output curtailed by warm weather. California's early output, in contrast, was hit by cold wet weather, contributing to an 8 percent smaller crop there.

Signs of Today's Cattle Feeding Trends

Lot Marketings to Rise

Beef production in 1968's first half is expected to run about the same or a little larger than in January-June 1967. Feedlot marketings likely will be up, but slaughter weights are expected to be somewhat lighter.

Prices, around \$2 per hundredweight above a year earlier this winter, may weaken somewhat this spring as fed cattle marketings rise above winter levels.



FED CATTLE MARKETINGS 1967



More Fed Beef in 1967

Fed cattle marketings were above a year earlier throughout 1967. Fourth quarter output was up 4 percent, with large increases in Nebraska, Iowa, Texas, Minnesota, Colorado and Kansas.

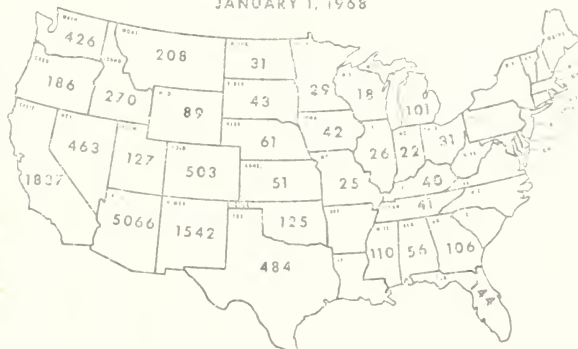
Iowa led in fed cattle marketings during 1967, with more than 4 million head. Over 3 million head were marketed in Nebraska, 2 million in California, and 1.7 million in Texas.

Feedlot Capacity Grows

The average number of cattle per feedlot as of January 1 increased from 41 head in 1963 to 53 head this year. The largest increases have been in the Central and Southern Plains and West Coast areas.

In 16 Plains and Western States on January 1 this year, the average number of cattle in lots with 1,000 head or greater capacity was 2,728, while lots with less than 1,000 capacity had an average of 37 head.

AVERAGE NUMBER OF CATTLE ON FEED (PER FEEDLOT) JANUARY 1, 1968



OIL KEY TO FARMPower MOVEMENT

Last in a Series On Input Suppliers

The petroleum used on farms for energy and heat amounts to 9 billion gallons a year, 5 percent of the output of American refineries.

In 1966, this ocean of fuel—gasoline, diesel oil, heating oil and bottled gases used in farm work—cost farmers \$1.5 billion for a 7-percent share on farm production expenses.

Farmers bought their petroleum products from the same sources as other users, through the national network of gas and oil dealers: Bulk oil terminals, which supplied the service stations and all other bulk users, and from retail service stations, especially if they provided bulk delivery service.

While the service stations market primarily fuel and lubricating oils, the farm supply dealers sell other products of petroleum companies.

These include:

—Ammonia. Oil companies supply the natural gas from which ammonia is synthesized, and own plants which produce 40 percent of this vital material.

—Other fertilizers. Some petroleum companies or their subsidiaries mine fertilizer materials and also manufacture them.

—Petrochemicals. These materials are made by further processing petroleum products, and items used on farms, especially pesticides.

The oil industry recently has been expanding in volume, versatility and productivity. In 1953-64, oil firms spent \$60 billion on expansion; during 1950-64 the value of refinery shipments increased by \$10 billion.

Processors have increased the value of each barrel of crude oil by producing new products. Petrochemicals, for example, already account for 70 percent of the value of all U.S. chemical output, and are expected to grow rapidly in volume to meet demands.

Crude oil and natural gas liquid, which originate from over a half-million wells in the U.S. alone, are processed by 150 companies in 286 refineries.

To minimize refining costs per barrel, larger and more efficient plants are being built. Although the number of

refineries has been reduced 20 percent since 1950, average daily capacity has doubled, and output per worker has more than tripled.

At the same time, the number of companies owning refineries has been on the decrease. Half of the refineries are now owned by 23 of the largest firms.

Farmers obtain some of their petroleum supplies from their own companies, the farmer cooperatives. Some cooperatives lease oil lands, operate refineries, and own pipelines and barges. However, their major activities have been wholesaling and retailing. In 1964, there were 2,800 cooperatives selling \$650 million in petroleum products to farm communities.

Agriculture should continue to be an important market for petroleum fuels and other products. The trend was set during the past two decades when, even as farms got fewer in number, the total volume of fuel consumed on farms increased as power needs climbed.

Farms of the future will become further mechanized, relying on more powerful engines, and using a larger volume of fuel.

The ability of oil producers to meet growing demand for petroleum products has been enhanced by a process called secondary recovery, which enables oil-well pumping to continue after normal pumping becomes uneconomical. Today, one-third of our oil is obtained in this way; by 1980, the share may be as high as 40 percent.

More oil is also available from U.S. wells that aren't being used to capacity.

COOPERATION CREATES HEALTHIER HOGS

There were 854 confirmed outbreaks of hog cholera reported during 1967, fifth year of the cooperative State-Federal hog cholera eradication campaign.

This is up from 534 outbreaks reported during 1966, but down from 881 and 1,117 in 1965 and 1964, and far lower than an estimated 5,000 to 6,000 outbreaks occurring annually before the eradication program began.



SAM STAT SAYS

"Check My Data"

A brief roundup

In This Issue

■ In recent months, the supply of chicks used for replenishing laying flocks has been lower than a year ago. The hatch of egg-type chicks was down 4 percent during June–September and 21 percent during the quarter ended January 1. ■ The broiler hatchery flock totaled 2.4 million during January 1968, a decrease of 21 percent from a year earlier. ■ The January milk-feed price ratio at 1.69 was 1 percent less than a month earlier but 3 percent above a year earlier. The increase resulted from an increased milk price and a decreased ration value. ■ The calf crop is estimated at 43.6 million head, about the same as last year. This is 3 percent above the 1961–65 average. ■ The 1967 lamb crop is estimated at 15 million head, 5 percent less than last year. ■ At year's beginning, 1.4 million sheep and lambs were on feed for slaughter, 13 percent fewer than on January 1, 1967. ■ During January, milk production averaged 734 pounds per cow, 5 percent less than last January but 13 percent above average.

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Raisin Facts

The United States is by far the world's leading producer and exporter of raisins.

Although U.S. raisin output last year, all from California, totaled only 133,000 tons in contrast to 281,000 the year before, we usually account for about three-fifths of world production.

The rest of the crop is produced mainly by four countries: Greece, Australia, Turkey, and Iran.

What raisin producers usually have in common is a dry, sunny climate where grapes can be dried

easily. What California producers had last year was a cold wet spring, sharply reducing fruit set.

Although a minimum of moisture is needed to produce the crop, most major producing countries usually rely on irrigation.

Statistics are limited on worldwide grape volume devoted to raisin output, and only fragmentary on yields. But yields are noticeably trending upward probably because of improved technology.

Raisin supplies have increased markedly in recent years, borne out by statistics on supply and disposition.

Although exports of the five leading countries also have gained sharply—35 percent between 1955–59 and the 1966 crop year—their raisin consumption rose only 3 percent for the same span.

Total supplies of raisins in these five countries grew from 514,000 tons in 1955–59 to 762,000 tons in 1966.

Among them, only Iran showed no increase in stocks over the years.

The U.S. carryover averaged only 27,000 tons in 1960–64. By 1965 it had risen to 47,000, by 1966 to 81,000 and last year it totaled about 98,500 tons.

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